

APPENDIX E:
CORRESPONDENCE

**Comprehensive Study of American Canyon
Public Workshop Report**

FROST & HEALY
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Via facsimile 251-1053

November 15, 2002

Daniel Schwartz
Local Agency Formation Commission
of Napa County
1804 Soscol Avenue, Suite 205A
Napa, CA 94559-1346

Dear Mr. Schwartz:

Thank you for taking the time to meet with me and Msrs. Pilotti, Price and Brock. As you know, I am Patricia K. Couch's legal counsel. Patricia Couch and Robert L. Couch, Jr. own what was a 165 +/- acre parcel of land, 2 Eucalyptus Drive, American Canyon, commonly referred to as the eucalyptus grove located just north of Eucalyptus Drive and east of the landfill. The city acquired the westerly portion of the Couch property, 58 of the 165 acres, via an eminent domain action in 2000. The 58 acres now is the home to the city's new wastewater treatment plant.

As discussed in our meeting, I am providing this letter and some additional documentation in support of the Couch property being placed within the City of American Canyon's sphere of influence and annexation into the City of American Canyon. All objective factors support this result. The property is surrounded by properties within the American Canyon city limits or owned by the City. It has the legal right to American Canyon city water and sewer service. The City supported annexation and offered the Couchs the opportunity to proceed with a joint annexation application.

The City of American Canyon has made no secret of its plans to seek annexation of the 58 acre parcel. Failure to make the Couch 106 acre parcel part of the city would leave an island within Napa County's jurisdiction surrounded by a sea within the City of American Canyon's jurisdiction. Such hodge podge land use and jurisdictional boundaries are not goals LAFCO or the city should pursue or encourage.

However, the city knew precisely that it was creating such an island when it considered alternatives for siting the treatment plant. One of their initial proposals was to place the plant in the center of the eucalyptus grove and purchase the entire 165 acres from the Couchs. Their offers, however, never matched the fair market value of the property. The city then successfully pursued siting the plant in the westerly corner of the 165 acre parcel and merely acquiring 58

acres. This strategy left the Couchs' 106 acre remainder parcel to the east a lonely island of land within the county's jurisdiction.

The city argues both sides of the fence regarding the Couch property to best suit the needs they are trying to fulfill at any given time. When the city was trying to acquire the 58 acres by purchase offer and then through eminent domain proceedings, the city argued that the land's value was low based upon: its agricultural watershed zoning designation; its highest and best use was as a vineyard; the presence of a dense eucalyptus forest made growing grapes difficult and prohibitively expensive; there was no water source for the property to irrigate the vineyard; and the city would not grant the property water rights because it was outside the city limits. In other words, the city argued that it should be a vineyard, but there is no way that will ever be feasible.

The city changed its tune months later when it required land to extend Commerce Boulevard south to Eucalyptus Drive and for a temporary haul route for thousands of truckloads of Highway 29-Trancas Street interchange soil to be deposited at the old American Canyon landfill. The Couchs accommodated the city and granted it land for both the permanent roadway and the temporary haul route. In a new spirit of cooperation, city staff said it supported annexation and proposed in writing that the Couchs join forces with the city in processing a joint application for annexation of the city's 58 acres and the neighboring 106 acre Couch parcel and sharing the consultant's fees associated therewith. The Couchs accepted this offer.

Fast forward to the last three weeks. City staff suddenly withdraws its offer for a joint annexation application on the stated grounds that it must proceed with the immediate annexation of the treatment plant parcel. However, we have not suggested that the joint application should be delayed in any respect. Further, the city staff is now apparently arguing that the Couch property is a liability, it should remain in the County and not be annexed into the city, and it should remain agricultural watershed. The staff's "position" on the Couch property is like watching a tennis match, you have to pay close attention to determine which side of the net the ball is on.

However, some important things have changed since 2000. The City of American has granted the property the legal right to connect to and utilize the city's water system, sewer system and reclaimed water from the treatment plant. These rights were acquired when the City of American Canyon and Mr. and Mrs. Couch executed a Right of Way Acquisition Agreement. A copy is enclosed for your reference.

Via the agreement, the Couchs granted the City of American Canyon title to a 64-foot strip of land for a public roadway through 2 Eucalyptus Drive that permits Commerce Boulevard to be extended from Green Island Road to Eucalyptus Drive. The Couchs also granted the City a temporary easement to utilize what is now a gravel road through the Couch property for purposes of fulfilling a commitment to CalTrans for a route to permit trucks to haul dirt from the Highway 29 - Trancas Street interchange to the American Canyon landfill at the western terminus of Eucalyptus Drive. In exchange for the roadway land, the City contractually permits the Couch property to connect to the City's water system, sewer system and use city reclaimed water. In addition, the City must construct a water main line running through the property, pay the Couchs \$125,000.00 cash and provide \$125,000.00 in road improvement credits. The water line was to

be installed by the city on or before October 26, 2002. This has not occurred and the city to date has not offered any real assurances of a commencement or completion date.

Another significant factor is that the City of American Canyon agreed that the property should be annexed into the city. Within the past three months, the City Manager offered the property owners the opportunity to pursue a joint application to annex the city's 58 acres housing the new wastewater treatment plant and the adjacent Couch property. The city was also retaining a consultant to handle the application process and offered to split the \$5,000 to \$10,000 consultant's fees for the joint application with the Couchs. The Couchs accepted this offer, only to have the City Manager withdraw about one month ago.

The city's material breach of its contractual obligations to the Couchs by refusing and failing to install the water line, city staff's abrupt about face on its own proposal for a joint annexation application, and city staff's very recent opposition to the property's annexation leads to only one conclusion -- they are pursuing some other agenda to gain an advantage over the property owners. While city staff may proffer other reasons for their abrupt about face, none ring more true than the above.

The undeveloped parcel is covered with a eucalyptus forest and intersected by dirt roads and a gravel road. The Couchs rent out sizeable parts of the property to two paintball field operators and a firewood dealer, and smaller sections of the property to tenants who raise animals behind ramshackle fences.

The City of American Canyon filed an eminent domain action in 2000 that resulted in a judgment whereby the City acquired the westerly 58 acres of the 165 acre parcel to build a wastewater treatment plant. Construction of the plant is now complete and it is in operation.

I served as Patricia Couch's trial counsel in the eminent domain action. We retained Arlen Mills as our expert witness real estate appraiser on the issue of valuation of the 58 acres and the City of American Canyon retained Ronald Garland as their expert witness real estate appraiser.

Mr. Garland testified that the 58 acres of the 2 Eucalyptus Drive property was valued at less than \$20,000 per acre because (a) the 165 acre parcel is zoned agricultural watershed; (b) the 165 acre parcel had no water source or sewer service; (c) the property is outside the City limits of American Canyon and thus not entitled to water or sewer service; (d) the property's highest and best use under its current zoning was as a vineyard; (e) removal of the eucalyptus trees is extremely expensive; (f) the existence of thousands of eucalyptus trees on the property for decades create soil conditions unsuitable for vineyards in the absence of expensive soil conditioning/treatment requiring that the soil remain fallow for 12-24 months substantially increase the costs of developing a vineyard. Thus, very serious impediments exist to use of the property for agricultural purposes.

The property's current zoning would permit agricultural/recreational uses such as a campground. However, it is readily apparent that a private pay-for-use campground next to a sewage treatment plant with holding ponds and spray fields is doomed to fail financially.

Since early 2001, the Couchs have been in negotiations to sell the property to Steven R. Brock, a developer. I have represented Mrs. Couch in these negotiations. Mr. Brock offered to work with the City of American Canyon on behalf of the Couchs to obtain a roadway through the property from the north to Eucalyptus Drive at the southern end of the property and utilities for the property. Mr. Brock also agreed to utilize his best efforts to obtain the annexation and rezoning of the property. The efforts of Mr. Brock, myself and others resulted in the execution of the Right of Way Acquisition Agreement described above.

The property has been in the Couch family for over 50 years. Its history is checkered with some events that Mrs. Couch takes no pride in, but also were beyond her control. Many of the problems stem from the proximity of the property to the American Canyon landfill, illegal dumping on the property, unauthorized persons conducting illegal activities on the property, and the eucalyptus grove making it difficult for the Couchs and authorities to prevent such activities.

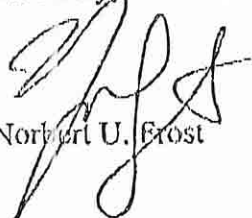
A 1993 Napa County Superior Court nuisance action arose out of existence of debris on the property. Much of the debris was the result of people illegally dumping on the property in lieu of paying fees at the American Canyon landfill. I served as Patricia Couch's trial counsel. Ms. Couch's cooperated with the District Attorneys' office in devising a plan to clean up the property. The result was a Final Judgment filed in 1993 that requires the Couchs to remove the debris and certain small structures.

Ms. Couch and her sons have cleaned up a great deal of the property. Yet, much work remains to be done. Most of what remains on the property at this date is debris illegally dumped on the property by former tenants and "junk" owned by Robert L. Couch, Jr.

Two things will greatly advance the clean up of the property. First, the City of American Canyon paying for the clean up of the 64 foot wide strip it acquired from the Couchs will clean up some of the worst areas on the property. That would, however, still leave a great deal to be done. Completion of the balance of the clean up and making this property productive and a value to the city and county is not likely to occur in the absence of annexation and rezoning for some mixed use consistent with the current development in the area.

Ms. Couch and I thank you for your time in considering this information. Should you or the commission require additional information, we would happy to supply it.

Sincerely,



Norbert U. Frost

cc: Patricia Couch

RIGHT-OF-WAY ACQUISITION AGREEMENT

THIS RIGHT-OF-WAY AGREEMENT is made and entered into and effective as of this 26th day of April, 2002, by and between the CITY OF AMERICAN CANYON ("City") and ROBERT L. COUCH, JR. and PATRICIA K. COUCH ("Couchs") subject to the following provisions.

RECITALS:

A. The Couchs warrants that they are the owners of certain real property consisting of 106 +/- acres located at 2 Eucalyptus Drive, American Canyon, Napa County, California, designated as Assessor's Parcel Number 058-030-056 (hereinafter the "Property") and fully vested to carry out the terms and conditions contained herein.

B. The Couchs have conveyed an easement in the Property to Steven R. Brock ("Brock") and have executed an Agreement to Convey Easement with Brock. Brock is also in negotiations with the Couchs to purchase the Property subject to certain terms and conditions, including but not limited to surveying, assessing, and inspecting the Property to determine if it is suitable for Brock's intended use.

C. The City is a municipal corporation located in the County of Napa, State of California.

D. The City desires to acquire fee simple title to a sixty-four (64) foot wide Public Right-Of-Way in fee through the Property.

E. The City also desires to acquire an additional temporary sixty-four (64) foot wide public access easement to permit the California Department of Transportation ("Cal Trans") and their contractors to haul soil from the State Highway 29/Trancas Street interchange project through the Property and to the landfill located at the western termination of Eucalyptus Drive in the City.

AGREEMENT:

NOW, THEREFORE, in consideration of the Recitals and the mutual covenants contained hereinbelow, the parties agree as follows:

1. The Couchs will transfer to the City via grant deed fee simple title to a Public Right-Of-Way that shall generally be sixty-four (64) feet wide, but may include somewhat greater width at planned street intersections to accommodate turn lanes, handicap access, and curved curbs, consistent with the City's street and intersection

design standards. The Public Right-Of-Way shall follow and include the existing sewer easement, except for a transition of the Public Right-Of-Way on the Property to connect to a prolongation of the present alignment of Commerce Boulevard at the southern boundary line of the Frances L. Lemos property designated as Assessor's Parcel Number 058-030-008.

2. The grant deed for the Public Right-Of-Way, the grant of a public access and utility easement, the grant of temporary public access easement, and associated legal descriptions and engineering specifications are being prepared but have not been completed as of the date of this Agreement. Upon completion of these documents, the City and the Couchs, or their grantee or assignee, shall reasonably agree upon the permanent alignment of the aforementioned items based upon the parameters set forth herein.

3. The City shall install a public water main line, to service the area, within the sixty-four (64) foot wide Public Right-Of-Way with a minimum of three fire hydrants or whatever number of fire hydrants Fire Chief Caldwell requires as normal and customary for a Public Right-Of-Way of this length and width, whichever is greater. The City shall complete construction of the water main line within six (6) months of the date of this Agreement. The City shall bear the entire cost, including but not limited to installing the water line and hydrants. If the Property owners connect to the water line, they will pay the normal and customary fees and costs for such connection(s), their water use will be metered, and they will pay the normal and customary rate for their water use.

4. The owners of the Property shall have the right to connect to the City's sewer system. The Property owners shall pay the normal and customary fees and costs for such connection(s) and for their sewage usage, as established by the City. The City will grant a will serve letter to provide sewer service to the Property in accordance with normal and customary fees and regulations as established by the City.

5. The City shall install a reclaimed water line within the sixty-four (64) foot wide Public Right-Of-Way which shall provide the Property with the right, but not the obligation, to use the reclaimed water. In the event that the Property owners connect to the reclaimed water line, the Property owners will pay the normal and customary fees and costs for such connections, their reclaimed water use will be metered and will pay the normal and customary fee for such reclaimed water as established by the City.

6. In consideration of the above, the City would pay one hundred twenty-five thousand dollars (\$125,000.00) cash to the Couchs and provide one hundred twenty-five thousand dollars (\$125,000.00) in road improvement credits as set forth in subparagraph b.

a. The City shall pay the cash portion of the above consideration to Fidelity National Title Company in trust for Robert L. Couch, Jr, and Patricia K. Couch within ten (10) days of the transfer of title in fee to the sixty-four (64) foot wide Public Right-Of-Way, at Fidelity's office located at 1272 Hayes Street, Suite C, Napa, CA 94559. The Couchs shall provide the City with the escrow number within five (5) days of the execution of this Agreement.

b. The road improvement credits associated with the transferred and dedicated Public Right-Of-Way shall be provided to the Couchs or their designee or assignee. The road improvement credits may be utilized anywhere along the Commerce Boulevard alignment between the existing northern completion point through and/or around the Property, including but not limited to roadway improvements on the Property, the Frances L. Lemos property designated as Assessor's Parcel Number 058-030-008 or the Manuel Anthony Lemos and Tanis Lemos property designated as Assessor's Parcel Number 058-030-007.

7. The City shall pay the documentary transfer taxes, if found to be legally applicable, associated with the above-referenced grant deed for the Public Right-Of-Way, the grant of public access and utility easement, and the grant of temporary public access easement.

8. The City warrants that it is and will be during the term of this Agreement a member of the Self Insurance Retention Authority administered by the Bay Area Association of Governments, that the City, its officers, employees and agents are insured in an amount of seven million dollars (\$7,000,000.00) for injury or death to any person or damage to property for any claims, demands, or causes of action of any person arising out of accidents occurring on the Property arising out of the City's operations and use of the Property. The City represents that such coverage extends to the City's agents and parties who contract with the City. The City will name as additional or co-insureds the Couchs, Frances L. Lemos, Manuel Anthony Lemos and Tanis Lemos, and Brock, if Brock's purchase of the Property from the Couchs is consummated.

9. The Couchs, their agents, designees, assignees, tenants and licensees shall have the right to use the Public Right-Of-Way, so long as such use does not interfere with the City's or the City's grantees' use of the Property. Upon final improvement of the Public Right-Of-Way, the Couchs shall have the same right to use the Public Right-Of-Way as other members of the public.

10. The lot line adjustment of the Frances L. Lemos property designated as Assessor's Parcel Number 058-030-008 and the Manuel Anthony Lemos and Tanis Lemos property designated as Assessor's Parcel Number 058-030-007 shall be approved by the City prior to recordation of the Public Right-Of-Way referred to herein. Recordation of the Frances L. Lemos easement and the Manuel Anthony Lemos and

Tanis Lemos easement shall be a condition of the City's approval of the lot line adjustment.

11. The City shall indemnify and hold the Couchs, and Brock, if Brock's purchase of the Property is consummated, harmless from any loss, damage or claim arising out of the City, Cal Trans, the contractors and subcontractors constructing the State Highway 29/Francas Street interchange project, their agents, employees, designees, assignees' creation, construction or use of the above-referenced grant deed for the Public Right-Of-Way, the grant of public access and utility easement, the grant of temporary public access easement, including but not limited to damages to the Property in the event of a breach or damage to the sewer main.

12. Time is of the essence in the performance of all terms and conditions and other obligations under this Agreement.

13. In the event of any dispute arising hereunder, the prevailing party in litigation or arbitration, inclusive of any appeals, shall be entitled to recover attorneys' fees and costs, court costs, arbitration costs and costs of discovery incurred in connection therewith.

14. The performance and interpretation of this Agreement shall be governed by the laws of the State of California.

15. In the event any provision of this Agreement shall be deemed illegal or unenforceable, the remaining provisions shall nevertheless be carried into effect and the defective provision shall be deemed amended to comply with such rule, law or statute rendering same illegal or unenforceable.

16. The parties hereto agree to cooperate in the defense of this Agreement if challenged by third parties.

17. The parties hereto will do all other things and will execute all documents which are reasonably necessary to carry out the terms of this agreement. On demand of the other party and without undue delay or expense, each party will execute, acknowledge, or deliver any instrument, furnish any information, or perform any other acts reasonably necessary to carry out the provisions of this agreement.

18. This Agreement states the entire agreement between the Couchs and the City, and there are no promises, representations or agreements, other than those herein contained, either oral or written, which have been made or relied upon.

19. Any changes or amendments hereto must be made in writing and signed by both parties.

20. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

21. All recitals set forth at the beginning of this Agreement are incorporated into and made a part of this Agreement as though fully set forth in this Agreement.

22. This Agreement shall inure to the benefit of and bind the parties' respective heirs, personal representatives, successors, and assigns as though original signatories hereto. References to a party shall be deemed to include reference to the successors and assigns of such party.

23. The Couchs may assign all or some of their rights under this Agreement with the prior written consent of the City, which consent shall not be unreasonably withheld.

24. Each party has been represented or has the right and had adequate opportunity to obtain independent legal advice in the negotiations and the preparation of this Agreement by an independent attorney of their own choosing: The City by William Ross and Patricia K. Couch by Norbert U. Frost.

25. Each party acknowledges that this Agreement has been made freely and voluntarily and that each is signing this Agreement with a thorough understanding of the meaning, significance and potential consequences of every term and provision hereof.

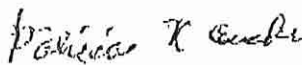
"CITY OF AMERICAN CANYON"


By: MARK JOSEPH
Its: CITY MANAGER

Executed on: 4/26, 2002

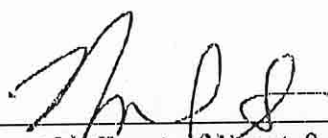
"COUCHS" APRIL 23 2002


By: ROBERT L. COUCH, JR.


By: PATRICIA K. COUCH

Executed on: _____, 20____

William Ross
City Attorney, City of American Canyon



Norbert U. Frost of Frost & Healy
Attorney for Patricia K. Couch

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

County of

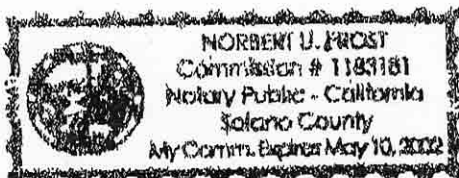
Napa

} ss.

On April 27, 2002 before me, Norbert U. Frost Notary Public
Name and Title of Officer (e.g., "Jane Doe, Notary Public")
 personally appeared Robert L. Couch, Jr.
Name(s) of Signer(s)

☒ personally known to me
☐ I proved to me on the basis of satisfactory evidence

to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



WITNESS my hand and official seal.

[Signature]
Signature of Notary Public

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: Right-of-Way Acquisition AgreementDocument Date: April 26, 2002 Number of Pages: 6Signer(s) Other Than Named Above: Mark Joseph, William Ross

Capacity(ies) Claimed by Signer

Signer's Name: Robert L. Couch, Jr.☒ Individual☐ Corporate Officer --- Title(s): _____☐ Partner --- ☐ Limited ☐ General☐ Attorney-in-Fact☐ Trustee☐ Guardian or Conservator☐ Other: _____Signer Is Representing: selfRIGHT THUMBPRINT
OF SIGNER

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CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

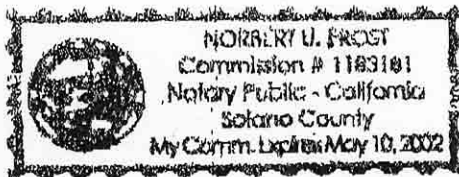
State of California

County of Nepe } ss.

On April 27, 2002, before me, Norbert U. Frost, Notary Public
 personally appeared Patricia K. Couch
Name(s) of Signer(s)

☒ personally known to me
☐ proved to me on the basis of satisfactory evidence

to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



WITNESS my hand and official seal.

[Signature]
Signature of Notary Public

OPTIONAL

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Capacity(ies) Claimed by Signer

Signer's Name: Patricia K. Couch

- ☒ Individual
☐ Corporate Officer -- Title(s): _____
☐ Partner -- ☐ Limited ☐ General
☐ Attorney-in-Fact
☐ Trustee
☐ Guardian or Conservator
☐ Other: _____

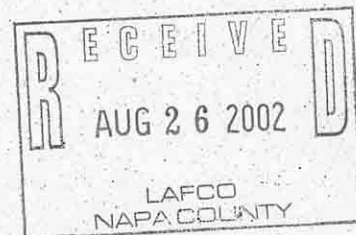
Signer Is Representing: selfRIGHT THUMBPRINT
OF SIGNER

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**JAEGER
VINEYARDS**

Daniel Schwarz, Executive Officer
LAFCO of Napa County
1804 Soscol Avenue, Suite 205 A
Napa, CA 94559-1346



Aug. 22, 2002

Re: Comprehensive Study of American Canyon (the "Study")

Dear Mr. Schwarz:

I attended the July 30th Informational Meeting regarding the Study on behalf of Jaeger Vineyards. The presentation was very informative and we appreciated the opportunity to view the preliminary study area maps. We look forward to meeting with you to discuss our property and area land use issues in detail.

This letter is in response to the LAFCO Study as presented and the proposed study area boundaries. We believe that there are a few important initial refinements necessary in order to effectively deal with the LAFCO issues in the area.

As way of background, Jaeger Vineyards is a major landowner within the Study Area, in particular, Study Areas 3 and 4. The Jaeger Vineyard parcels have multiple uses including vineyards, old buildings from previous industrial uses, lumber storage yards, residential and other commercial activities. Secondly the parcels include land within American Canyon, land within the American Canyon Sphere of Influence, and portions of parcels in unincorporated Napa County. With respect to a major portion of its property, Jaeger Vineyards has spent a substantial sum of money and a great deal of effort in studying the constraints and opportunities for the best use of the land.

After reviewing the Study Areas Map and listening to the objectives of the Study, we believe that the following concerns should be addressed:

1. Study Area 4 should be expanded to include the entire Jaeger parcel (i.e., currently the easterly portion of the parcel is outside of the study area). The reasons for this refinement include:

a. The Study area boundaries should reflect the actual boundaries of legal parcels. Large tracts of land owned by a single entity

allow for the efficient study of large areas. This is not the case when there are many different owners with differing interests. Since Jaeger Vineyard is a large landowner in the area, the tracts of land owned by Jaeger Vineyards should be studied as a whole and not artificially broken up;

b. by including the larger parcel, better planning can be accomplished through taking into consideration site characteristics (e.g. topography, drainage patterns, traffic circulation issues) vs. relying on the arbitrary boundary line currently shown;

c. the easterly portion of our property is bounded on most of its border by land within the study area; and

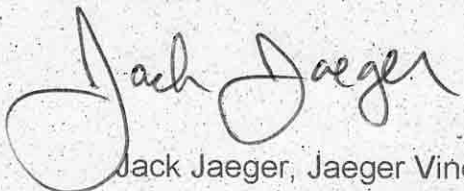
d. the entire parcel shares attributes of many of the parcels currently included in the study – it is in close proximity to existing, under construction, or planned intense land uses in the City of American Canyon. Any and all of this activity has an affect on the parcel in its current uses and potential future uses.

2. The study area boundary between Study Area 3 and 4 should be moved north and not be cut at Watson Road. What affects one side of the road certainly affects the other. In addition, a study which address corridors vs. artificial lines on maps are much more effective in addressing the issues – this is especially the case for east-west roads in the American Canyon area.

3. The Study must look at traffic circulation in the entire area. In particular, the Study must look at Flosden Road, how it is being extended through the Duc development, and how it will be extended through the Jaeger Vineyard property.

Thank you for allowing Jaeger Vineyards to participate in this process and please keep me informed of your progress. Please call me at your earliest convenience if you have any questions or concerns with the important changes discussed above.

Very truly yours,

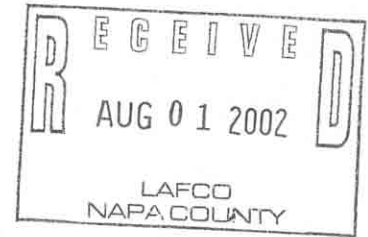


Jack Jaeger, Jaeger Vineyards

129-10th ST, DEL MAR, CA. 92014

Jaeger Property/Lafco Ltr Final

Mark R. Power
Napa Canyon, LLC
23 Pinnacle Peak
Napa, Ca 94558



July 31, 2002

Daniel Schwarz, Executive Officer
Local Agency Formation Commission
County of Napa
1804 Soscol Avenue, Suite 205A
Napa, California 94559-1346

Re: Assessor's Parcel No. 059-040-041—Request for Inclusion in the Sphere of Influence—City of American Canyon

Dear Mr. Schwarz:

Thanks very much for meeting with my planning consultant, Jeffrey Redding, to discuss the evaluation of the existing Sphere of Influence study that LAFCOM is conducting for the City of American Canyon. As Mr. Redding indicated to you, we are the owners of Assessor's Parcel No. 059-040-41, a 50-acre parcel currently located in the unincorporated area of Napa County. Approximately half of the existing parcel, 25 acres, is already included within the City's Sphere of Influence as adopted by LAFCOM in 1991 in conjunction with the incorporation of the City of American Canyon. It is our desire to include the remaining 25 acres of the parcel in the City's Sphere so that the City of American Canyon or we may ultimately apply to LAFCOM to annex the entire parcel. Having the entire parcel instead of a portion of it within the City's Sphere will allow for a more comprehensive planning approach not only for this parcel but for the adjacent 342 acres that we own east of the subject parcel. It is our understanding from Mr. Redding that LAFCOM staff is currently reviewing the City's Sphere of Influence and is seeking information from property owners as it prepares its report to the Commission in support of changes to the Sphere.

We understand that the California Government Code (@ section 56841) requires LAFCOM to consider certain factors during its review of any proposed amendments to a Sphere of Influence boundary. While we know that you and your staff will conduct an independent evaluation of the factors that relate to the Commission's decision of whether or not to amend the existing City of American Canyon sphere of influence to include the entirety of our parcel, we have taken the liberty of summarizing the factors and providing some evidence which we hope you will consider during your investigation. We follow the summary with a more detailed discussion of why we believe that our request to be consistent with applicable County and City General Plans.

Summary of Findings

Mr. Schwarz, we believe that inclusion of the entire 50-acre parcel within the City's Sphere of Influence is consistent with existing LAFCOM policies, the County of Napa General Plan and the policies and objectives of the City of American Canyon. We ask you and your staff to note the following factors relating to the subject parcel:

1. We believe that based upon both the Napa County General Plan diagram (Figure 14) and numerous policies with the Plan that the entire 50 acres is designated as 'urban residential'. The Napa County Board of Supervisors and the Commission have repeatedly recognized and acknowledged that the 15% slope line separates the General Plan's Urban and Open Space land use designations. In cases where the land use diagram appears to split a parcel between an 'urban' and an open space designation those portions of the parcel that are less than 15% slope have been considered to be 'urban' with those portions greater than 15% slope considered within the open space designation. **Please note that the entire 50 acre parcel has slopes of less than 15%;**
2. Use of this entire 50-acre parcel for urban development is consistent with the goals and objectives of the American Canyon General Plan. While only half of the parcel is currently within the Sphere of Influence, the City clearly contemplated urban development on this entire parcel when the General Plan was first adopted in 1992 and most recently in 1997 when the urban limit lines of the City were re-evaluated.¹;
3. Currently only 25-acres is in the Sphere of Influence. This acreage figure was estimated in large part through measurement of the portion of the parcel that was designated on the County's General Plan as 'urban', yet the remaining 25 acres has identical soil, topographic conditions and is similarly unsuitable for agricultural as the 25 acres already designated for urban uses;
4. Assuming consistency with adopted LAFCOM policy, current LAFCOM policies favor annexation of entire parcels rather than portions of parcels as it facilitates a more comprehensive planning approach;
5. The 50-acre parcel is not suitable for agricultural uses according to the analysis of the well-respected vineyard service company, Nord Coast Vineyard Service. The site contains excessive levels of boron which is "too high for vineyard production";²
6. The parcel is locating in an urbanizing area with the recently approved Duc Housing project (690 units approved) to the west and the Shea Homes project (466 homes under construction) directly across American Canyon Road to the

¹ Please see attached Resolution no.97-54 that represents a recent evaluation by the City of its policies and objectives relating to urban limit lines and annexation policies.

² Please see attached excerpt from the August, 1997 report prepared by Dr. Don Clark and Julie Nord, Coast Vineyard Service

south. With the Newell Open Space Preserve on the north and the proposed vineyard development to the east, this parcel is the last logical parcel for inclusion in the City's Sphere in the southeast portion of the City, an area clearly recognized and intended for urban uses in both the City and County General Plans;

7. We have offered the dedication of some 5 acres more or less of land along our western boundary for the construction of the Flosden Road extension so that this segment of the City's circulation plan can be implemented. Once constructed, the subject parcel will have arterial roads along both the west and south side property lines;
8. Completion of the above mentioned projects will result in a full array of urban services being available to this parcel;
9. This parcel is one of the largest remaining parcels currently designated in both the City and County General Plans for urban development³. Surrounded on the south and east by developing subdivision and planned unit developments and with a full array of City services available, this parcel represents infilling and completion of the urban edge in the southeast quadrant of the City. With such a limited amount of urban land available to the City careful development of this entire parcel could help the City fulfill a number of General Plan goals and objectives. We have been talking with the City about a mixed-use development with a mixture of income housing, public use restaurant, and executive golf facilities.⁴
10. The planning conducted on behalf of the subject parcel has been carefully coordinated and master planned with the adjacent 342 +/- acres to the east. Projects contemplated for the adjacent parcel include development of a vineyards, resource protection for American Canyon riparian corridor and consideration of construction of trailhead to provide access to the Newell Open Space Preserve that abuts the parcel to the north. These projects are all consistent with both the County zoning and General Plan and the goals and objectives of the American Canyon General Plan⁵;

Consistency with City and County General Plans

Napa County General Plan

Figure 14 of the Napa County General Plan designates the subject parcel as Urban-Residential with the exception of the 25-acre portion that we would like to include in the City's Sphere of Influence that is shown on Figure 14 as AWOS (Agriculture, Watershed and Open Space). However, in order to fully determine consistency with the General Plan

³ According to the April 11, 2002 report entitled, Planning and Building Department, Project Activity and Status Report" the remaining build out potential remaining on infill parcels is 100 units. This figure does not include the 25-acre portion under consideration herein.

⁴ Please see Exhibit entitled Conceptual Site Plan Napa Canyon LLC (to be submitted under separate cover)

⁵ Please see attached Exhibit entitled, Napa Canyon LLC Master Plan (to be submitted under separate cover)

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it is essential that existing policies and actions by the legislative body be examined. State law provides that consistency be judged in terms of compatibility with the "objectives, policies . . . and programs specified in the plan."⁶

The Napa County Board of Supervisors and the Commission has long recognized and acknowledged that the 15% slope line separates the Napa County General Plan's Urban and Open Space land use designations.⁷ This recognition is based directly on existing General Plan policy which mandates that the county protect "areas having slopes of 15% or more for watershed [purposes] . . ."⁸ This same 15% slope line is established in policy 3.9 to demarcate the definition of hillside agriculture, with lands of lesser slope intended for non-agricultural uses. **The entire 50-acre parcel has slopes of less than 15%.**

While the County is appropriately committed to the protection of prime agricultural lands, the subject property is not suitable for agricultural uses according to the analysis of the well-respected vineyard service company, Nord Coast Vineyard Service in its report dated August 20, 1997. The site contains excessive levels of boron which "too high for vineyard production."⁹ In addition, the subject parcel is served by full array of adequate urban services and roadways. The combination of the longstanding designation of this parcel for urban uses, the unsuitability of the 50-acre parcel for productive agricultural use and the availability of urban services strongly support inclusion of this parcel in its entirety within the City of American Canyon. This position is supported by county policy that encourages those parcels within urban areas, served by urban services be included with established urban areas.¹⁰

Inclusion of the 25 acres would establish a logical demarcation of the City's ultimate urban limit line in the southeast quadrant of the City as the parcel immediately to the east is proposed for vineyard development and thus would not meet either city, county or LAFCOM criteria for inclusion within the city's sphere of influence. Establishment of the urban limit line in this area would bring closure and resolution to the longstanding debate between the county and the city.

City of American Canyon General Plan

Use of this entire 50-acre parcel for urban development is consistent with the goals and objectives of the American Canyon General Plan. While only half of the parcel is currently within the Sphere of Influence adopted by LAFCOM, the City clearly contemplated urban development on this entire parcel when the General Plan was first adopted in 1992 and most recently in 1997 when the urban limit line of the City was re-evaluated.¹¹ The City General Plan designates the subject, 50-acre parcel and the

⁶ Section 65860 of the California Government Code

⁷ See letter dated November 7, 1997 from the Napa County Planning Director

⁸ Open Space and Watershed Issues, policy 1.5.

⁹ Op. Cit.

¹⁰ Residential policies 4.10, 4.11, 4.12 and 4.13.

¹¹ Op. Cit.

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adjacent 342-acre parcel for urban uses. Specifically, each parcel is designated for Residential Estate/Commercial Recreation (RE/CR-1) uses, with densities of 1-2 units per gross acre.¹² The proposed development of this acreage as detailed on Exhibit ____ is consistent with both the density and uses permitted within the RE/CR-1 land use designation.

Inclusion of the additional 25 acres is consistent with the City's General Plan policies relating to Management and Phasing of Growth and City Services and Jurisdiction.¹³ Just to focus on two examples, Goal 1B, policy 1.2.2 mandates that the city:

establish as a priority the development of projects that are contiguous with and infill the existing pattern of development, avoiding leapfrog development, except for large-scale master-planned projects that are linked to and planned to be extensions of existing development and for which infrastructure and services are in place or funded

The acreage proposed for inclusion in the City's Sphere is immediately adjacent to the recently approved 690 unit Duc Housing project to the west and the 466 unit Shea Housing project to the south. Infrastructure including water, sewer and the Flosden Avenue extension are available to the subject parcel as a result of these two projects. The subject parcel is part of a master planned development that includes not only the 50-acres of the subject parcel but the 342 acre parcel proposed for agricultural and open space/resource protection immediately to the east.

Goal 1Q, Policy 1.31.4 states that the City will:

Pursue the annexation of lands on both sides of significant arterials (i.e., Highway 29, . . . , and portions of Flosden Road) to ensure cohesive and compatible design, planning and future development.

The subject parcel is a designated urban residential parcel located north of Flosden Avenue extension. The nature of the proposed development is compatible with the mixed-use development approved by the City for the Duc Housing project to the west.

In summary, development of the subject parcel with urban uses would truly represent infill development and would contribute to the orderly development and completion of urban development in the southeast area of the City. This parcel, surrounded by urban development provides an opportunity to develop urban uses in a manner clearly consistent with and contemplated by the City's adopted General Plan. In its April, 2002 Planning and Building Department Activity Report, the City notes that the remaining build out potential within the existing city limits is a mere 540 units, just 6% of units contemplated for development under the adopted General Plan.¹⁴ Including the remaining 25 acres within the City's Sphere is logical at this time inasmuch as the parcel

¹² Exhibit 2 of Resolution No. 97-54, op. cit

¹³ Goals 1B and 1Q of the City of American Canyon General Plan, as amended, November 6, 1997.

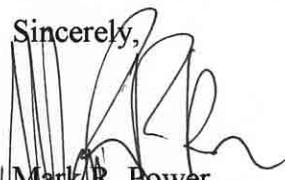
¹⁴ Planning and Building Department Project Activity and Status Report, dated April 11, 2002

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has been designated for urban residential uses by both the County and the City, is contiguous to parcels already undergoing urban level development, has adequate urban infrastructure available to it and is not suitable for productive agricultural uses.

At a time when Napa County and its cities are increasingly called upon to both maximize housing opportunities while at the same time protecting its world-renowned agricultural economy, we think it is incumbent upon all county agencies, both state and local, to carefully evaluate those opportunities where both of the above goals can be realized. The subject 50-acre parcel is one of those unique parcels where development of appropriate urban uses is consistent with long standing goals of both the City and County. While we understand that LAFCOM has additional responsibility beyond determining consistency with applicable city and county general and specific plans, we hope that you will look favorable upon our request for including of our parcel within the City's Sphere of influence. We would be most pleased to meet with you or your staff at your convenience and would welcome the opportunity to provide you with any additional information you may require to assist you with this important task.

We have had the opportunity to review our proposal and desire to be included within the City of American Canyon with City officials and will soon be submitting a formal request for City Council support of our application.

Sincerely,

Mark R. Power
Napa Canyon LLC

RESOLUTION NO. 97-54

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF AMERICAN CANYON, STATE OF CALIFORNIA, CONCEPTUALLY APPROVING GENERAL PLAN POLICIES PERTAINING TO THE ESTABLISHMENT OF A RURAL URBAN LIMIT LINE, THE ESTABLISHMENT OF A RURAL URBAN LIMIT LINE ON THE GENERAL PLAN LAND USE MAP, AMENDMENTS TO THE CITY SPHERE OF INFLUENCE BOUNDARIES, AND PROPOSED PREZONINGS.

WHEREAS, the City Council of the City of American Canyon desires to establish a Rural Urban Limit Line in its General Plan and amend its Sphere of Influence boundaries so as to be co-terminus; and

WHEREAS, the City also desires to amend its General Plan to include Policies pertaining to the Rural Urban Limit; and

WHEREAS, at its meeting of October 9, 1997, the Planning Commission considered all of the various components of these proposals; and

WHEREAS, the Planning Commission has forwarded to the City Council a Resolution recommending the adoption of a Rural Urban Limit Line and supporting General Plan Policies and an Amended Sphere of Influence as described in the Exhibits hereto; and

WHEREAS, the City Council considered the proposed boundaries of the Rural Urban Limit Line and Amended Sphere of Influence and concurs with the recommendations of the Planning Commission; and

WHEREAS, the proposed Amended Sphere of Influence substantially reduces the City's urban growth potential; and

WHEREAS, the City Council recognizes that the reduction in urban growth areas will result in the protection and preservation of significant open space areas on the northern, western, and eastern boundaries of the City; and

WHEREAS, the anticipated environmental consequences of the original and larger desired Sphere of Influence delineated as the proposed City Urban Limit Line were subject to review under the provisions of the California Environmental Quality Act, and it has been determined that the Program EIR prepared for the City General Plan adequately addresses the potential environmental impacts, with the understanding that as future development plans are submitted, additional environmental review may be required; and

WHEREAS, it is understood that the actual adoption and implementation of these proposals are subject to the approval of the Napa County Local Agency Formation Commission (LAFCO); and

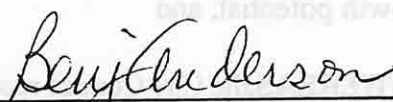
WHEREAS, any component of these proposals that are approved by the County LAFCO will be subject to the requirements of processing General Plan and Zoning Map Amendments at duly noticed public hearings before the Planning Commission and City Council.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of American Canyon hereby conceptually approves the General Plan text amendments to include the Rural Urban Limit polices set forth in Attachment "A" hereto, the establishment of a Rural Urban Limit Line and Sphere of Influence as shown on Exhibit 1 hereto, the Proposed General Plan designations as shown on Exhibit 2 hereto, and the Prezoning of the various properties proposed for annexation as shown on Exhibit 3 hereto, subject to the conceptual approval of LAFCO.

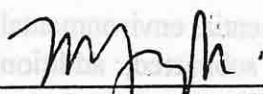
NOW, THEREFORE, BE IT FURTHER RESOLVED that the City Council directs the City Manager to forward this Resolution and its Attachments and Exhibits to the Napa County Local Agency Formation Commission to request conceptual approval of all of the components identified herein, and if the conceptual approval is granted, the City will initiate formal public hearings, and upon their completion, will formally submit an application to LAFCO for Sphere of Influence Amendments.

PASSED, APPROVED AND ADOPTED at a regular meeting of the City Council on November 6, 1997, by the following vote:

AYES: Anderson, Cypher, Colcleaser, Winters and Maples
NOES: None
ABSTAIN: None
ABSENT: None


Benjamin Anderson, Mayor

ATTEST:


Mark Joseph, City Clerk

APPROVED AS TO FORM:


William D. Ross, City Attorney

Attachment 1:

Draft General Plan Policies Pertaining to the Establishment of a Rural Urban Limit Line

1. **Add to the list of Vision Statements on page 4 the following:**
 11. **Establish a permanent Rural Urban Limit Line to:**
 - a. **Ensure continued viability of County designated agricultural and open space lands.**
 - b. **Limit urban/suburban sprawl and facilitate compact urban form.**
 - c. **Preserve foothills and wetlands as an attractive backdrop to the City and promote a sustainable relationship between long term agricultural uses and the City's economic development.**
2. **Add a new Objective and Policies under Goal 1B:**
 - 1.4. **Establish defined physical limits to growth and related infrastructure.**

Policy-New. The City shall work cooperatively with Napa County to establish a permanent Rural/Urban Limit Line (RUL) which limits development to a defined urban area and retains surrounding areas for long term open space and agricultural purposes. The City will not permit or encourage development or annexation of any land outside of that line.

Policy-New. Infrastructure sizing and location should be appropriate to the level of development anticipated within the RUL while avoiding establishment of excess capacity that would create pressures for future urban growth beyond the RUL.

Policy-New. If location of significant infrastructure such as a major road is adjacent to or coterminous with the RUL, work with the adjacent land owners and the County to ensure that appropriate permanent mechanisms (i.e. conservation easements, permanent open space dedications) are in place prior to construction or extension of utilities to minimize pressures for development outside of the RUL.
3. ~~Policy 1.4.5 - Work with the Napa County Local Agency Formation Commission to establish an Urban Limit Line that delineates the planned maximum expansion of the City's urban and related recreational development; outside of which uses shall be limited to agriculture, resource management, and open space purposes. Enter into an agreement with Napa County for implementation of a permanent RUL. (as depicted on Figure 1.11) (II.20, II.22, and II.25)~~

4. Policy 1.6.3 - ~~Require that structures and facilities be designed to maintain the agricultural viability of the site. Development within the RUL shall minimize long term effects on agricultural and open space resources, particularly those adjacent to the RUL. (I1.1, I1.2, I1.4, I1.5, and I1.8)~~ ✓
5. Policy 1.6.4 - ~~Require that elements be incorporated to adequately buffer agricultural operations from adjacent uses when abutting areas are developed or designated for urban/suburban uses. Development of City lands adjacent to the RUL shall be designed and developed to enhance the long term protection of agricultural and open space resources. The City shall develop an institute of a variety of techniques to accomplish this, including but not limited to agricultural setbacks/landscape buffers, decreased intensities of development, right to farm ordinances and the like. (I1.1, I1.2, I1.4, and I1.8)~~ ✓
6. Policy 1.6.5 - ~~Prohibit the implementation of infrastructure and other services that are conducive to future subdivision and urban development. The City will encourage and actively support County efforts to preserve agricultural and open space uses on lands outside the RUL, and to strictly prohibit development within those areas except as provided for by the County General Plan and Zoning Ordinances if consistent with the overall intent to preserve agriculture and open space. (I1.1, I1.2, I1.4, I1.5, I1.8, and I1.15)~~ ✓
5. Goal 1L - ~~Provide flexibility for the study and potential development of additional lands immediately adjacent to the City boundaries to ensure adequate lands are available for urban growth. Provide flexibility for the study of development potential of additional lands immediately adjacent to the City's existing boundaries, but within the established RUL, to ensure adequate lands are available for urban growth while maintaining the integrity of the RUL and related policies.~~ ✓
6. Implementation Measure I 1.25 - ~~The Land Use Element projects a long-term vision for the City as a compact urban area surrounded by agriculture and open space. To create a "balanced" city which contains the diversity of uses necessary to support existing and future residents and sustain fiscal viability it will be necessary to consider expansion of the City's jurisdictional limits into those area depicted within the City Urban Limit Line. These encompass lands which may appropriately be a part of the City's contiguous urban area and for which infrastructure and public services are to be provided by the City. The boundary proposed in this Plan represents a logical and orderly progression of the City's ultimate form and function in southern Napa County. The Land Use element projects a long term vision for the City as a compact urban area surrounded by agricultural lands and open space. The Rural Urban Limit Line (RUL) firmly establishes where urban growth is permitted and the long term demarcation between urban and open space uses. Development within the RUL will occur incrementally over time. It is recognized by both the City and the County that annexations will occur within unincorporated areas within the RUL. The ultimate build out of the RUL will result in long term economic benefits created by a sustainable and permanent agricultural base outside of the RUL with increased vitality, job growth, housing opportunities and increased commercial services~~ ✓

within the defined urban area.

7. Objective 2.2 - ~~Ensure that residential site are served by adequate infrastructure and services.~~
Ensure that residential sites within the RUL are served by adequate infrastructure and services, sized and located for the development densities and intensities anticipated within the RUL.
8. Policy 2.2.1 - ~~Facilitate the provision of infrastructure needed to support anticipated residential development, and ensure the continuation and proper integration of all services.~~
Facilitate the provision of infrastructure need to support anticipated residential development within the RUL, and ensure the continuation and proper integration of all services, while avoiding the establishment of excess capacity that would create pressures for future urban growth beyond the RUL.
9. 4.2.4 - ~~Pursue the timely extension of Flosden Road (and consider the phasing of east/west connectors to Highway 19), including the realignment of its intersection with American Canyon Road, and the development of other necessary primary north-south roadways such as the Western Parallel along the wetlands edge.~~ **Provide for the incremental extension of Flosden Road north of American Canyon Road (and consider phasing of east/west connectors to Highway 29) and locate as necessary only to serve new development within existing Sphere of Influence and the RUL, and to provide a north/south connection to the future Town Center. Ultimate design of roadway sections shall be adequate to serve anticipated development within the RUL while avoiding excess capacities that might promote urban sprawl beyond the RUL. (I4.7)**
10. Add a new Policy under Objective 4.2:
Policy-New. "Provide a north/south roadway (Wetlands Edge Road) along the western edge of the City to provide alternative in-Town north/south travel routes (other than Highway 29) for City residents.
11. Modify Figures 4-2a and 2b to show:
"Show termination of Flosden Road at the Town Center."
12. Circulation Improvement #1 on page 4-25 - ~~An extension of Flosden Avenue north to the Kelly Road alignment.~~ **An extension of Flosden Road to the Town Center area."**

EXPANSION OF CITY SERVICES AND JURISDICTION (Reorganized)

Goal

- 1Q Ensure the logical and orderly expansion of the City's services and jurisdictional limits.

Objective

- 1.31 Expand American Canyon's jurisdictional boundaries to establish a logical pattern of growth and services, while also providing for long term retention of agricultural and open spaces **uses through implementation of a permanent RUL.**

- 1.31.1 ~~Delete - Set priorities for the provision of urban services, with service expansion within the City and its Sphere of Influence~~
- 1.31.2 Utilize the City's responsibilities for planning utility extension and annexation to support City and County policies for city/urban-centered development and long term retention of agriculture and open space uses outside of areas designated for urban development **under the RUL.** (I1.2 & I1.15)
- 1.31.3 Work cooperatively with the Local Agency Formation Commission (LAFCOM) to expand the City's Sphere of Influence to include all areas that are or will be provided urban type services by the City **within the established RUL.** (I1.22 & I1.15) ✓
- 1.31.4 Pursue the annexation of lands on both side of significant arterials (i.e., Highway 29, Green Island Road, portions of American Canyon Road, and **portions of Flosden Road**) to ensure cohesive and compatible design, planning, and future development. **This policy would not be applicable to arterials abutting or coterminous with the RUL.** (I1.25) ✓
- 1.31.5 Proceed immediately on adoption of the General Plan, if property owners concur, with pre-zoning, master planning, and annexation of all areas within the existing Sphere of Influence to establish jurisdiction over what is planned to be a primary City growth area. (I.1.25)
- 131.7 Proceed with the annexation of land in a manner that ensures the logical expansion of City boundaries, ~~provides for the planned~~ **facilitating planned**, orderly, and efficient pattern of urban development ~~and reflects property owner desires consistent with the RUL, and reflective of property owner desires.~~ (I1.25)
- 131.8 ~~Delete - Work with the County and adjoining jurisdictions in establishing a permanent green belt outside of areas designated for urban development.~~
- 1.31.9 Work with LAFCOM and the American Canyon Fire District to ensure that all City annexations of areas outside of the existing Fire District boundaries are also annexed to the Fire District to reflect the District's ability to provide urban type fire services. (I1.22 & I1.25)
- 131.10 Work with LAFCOM to establish ultimate City boundaries that are logical and orderly, and provide for future balanced growth between the east and west sides of Highway 29. (I.122 & I1.25).
- 1.31.12 Work cooperatively with Napa County towards an agreement to establish compatible land use standards for areas within the Sphere of Influence and other lands immediately adjacent to the City to ensure consistent land use designations. (I 1.22)

Add a new Objective as part of Goal 1Q Reorganization:

New Objective. "Adequate consideration of fiscal impacts of annexations on all affected jurisdictions".

- 1.3.1a.1 Negotiate an equitable property tax transfer with the County that offsets the costs incurred by both jurisdictions in providing services to the area to be annexed. (I 1.22 & I 1.25)
- 1.3.1a.2 Conduct a fiscal analysis in processing annexation requests to fully evaluate the fiscal impacts of annexation and ultimate development. (I 1.25)

UTILITIES ELEMENT CHANGES

Page 5-2, #1 -~~The City does not currently have sufficient annual water entitlements to supply all proposed future development, without supplemental water from other sources. The City does not currently have reliable long term annual water entitlements to supply anticipated growth within the RUL without supplemental water from other sources.~~

Page 5-2, #3 - The City Water Treatment Plant is currently near capacity and must be expanded to serve growth planned urban growth within the RUL.

Page 5-2, #12 -~~Future development within the City of American Canyon would result in significantly increased wastewater flows potentially exceeding American Canyon's currently allocated share of disposal capacity in the Soscot Treatment Facility within the next few years. Future urban development within the RUL as established by the General Plan would result in increased wastewater flows that will require expanded wastewater treatment capacities within the next few years.~~

Page 5-4, #1 - Ensuring that development and population growth does not exceed available water supply and utility services. Ensuring that there is a direct linkage (meeting needs without creating excess capacities) between anticipated infrastructure demand within the RUL and actual physical improvements.

Page 5-5, Objective 5.2 - Obtain additional water supply sources as necessary to supplement the NBA supply and service anticipated urban growth under the proposed land use plan within the RUL and the City's water service area.

Page 5-5, Policy 5.2.3 - Participate in investigation with Napa County of feasibility of development of groundwater conjunctive use program in the County. Participate in investigation with Napa County in investigating the feasibility of development of a ground water conjunctive use program. Implementation of such a program should occur only if there are no negative impacts on the short and long term viability of agricultural uses.

Page 5-7, Objective 5.7 - Expand water treatment, storage and distribution facilities as necessary to meet increasing water demands water supply needs within the RUL and water service area.

Page 5-7, Policy 5.7.1 - **Provide Plan** for the construction of upgraded and expanded distribution, storage and water treatment facilities to support existing and new development **meet water needs within the RUL and the City's water service area, while avoiding excess capacities that would promote expansion beyond the RUL.**

Page 5-12, Goal 5e - ~~It shall be the goal of the City of American Canyon to establish and maintain adequate planning, construction, maintenance, and funding for wastewater collection and treatment facilities to support land uses, upgrading existing deficient systems, and expanding, where necessary, in the City's service area.~~ **To establish and maintain adequate planning, construction, maintenance and funding for wastewater collection and treatment facilities to adequately serve urban designated areas within the RUL and the City's service area.**

Page 5-12, Policy 5.14.2 - ~~Provide for the construction of upgraded and expanded wastewater collection and treatment improvements to support existing and new development. Plan for wastewater system upgrades and expansion to meet anticipated urban needs within the RUL and the City's sewer service area while avoiding excess capacities that create pressures for expansion beyond the RUL.~~

Page 5-18, Implementation Measure I5.12 - ~~Continue to monitor projects proposed within the City's Sphere of Influence and Urban Limit Line and coordinate with the County to encourage that water system infrastructure demand can be met. In cases where adequate water supply or infrastructure is not available, project approvals should not be granted until facility or supply needs are met. Monitor project activity within the RUL and water service area to ensure that water system demand is met in a timely manner while establishing capacity and facility limits that are consistent with planned growth needs in the RUL and water service area. In cases where adequate water supply or infrastructure is not available in these areas, project approval shall not be granted until facilities are in place and supply needs are met.~~

Page 5-28, Implementation Measure I5.56 - ~~Continue to monitor projects proposed within the City's Sphere of Influence and Urban Limit Line and coordinate with Napa County for proper planning to ensure that infrastructure demands can be met. Monitor project activity within the RUL and urban service area to ensure that wastewater needs can be met in a timely manner while avoiding over sizing or excess capacities beyond anticipated demand within the RUL and City service area.~~

NOTE: **Strikeout** = Deleted Language/**Bold** = New Language

Exhibit 1

**Proposed Sphere of Influence and Rural
Urban Limit Line**

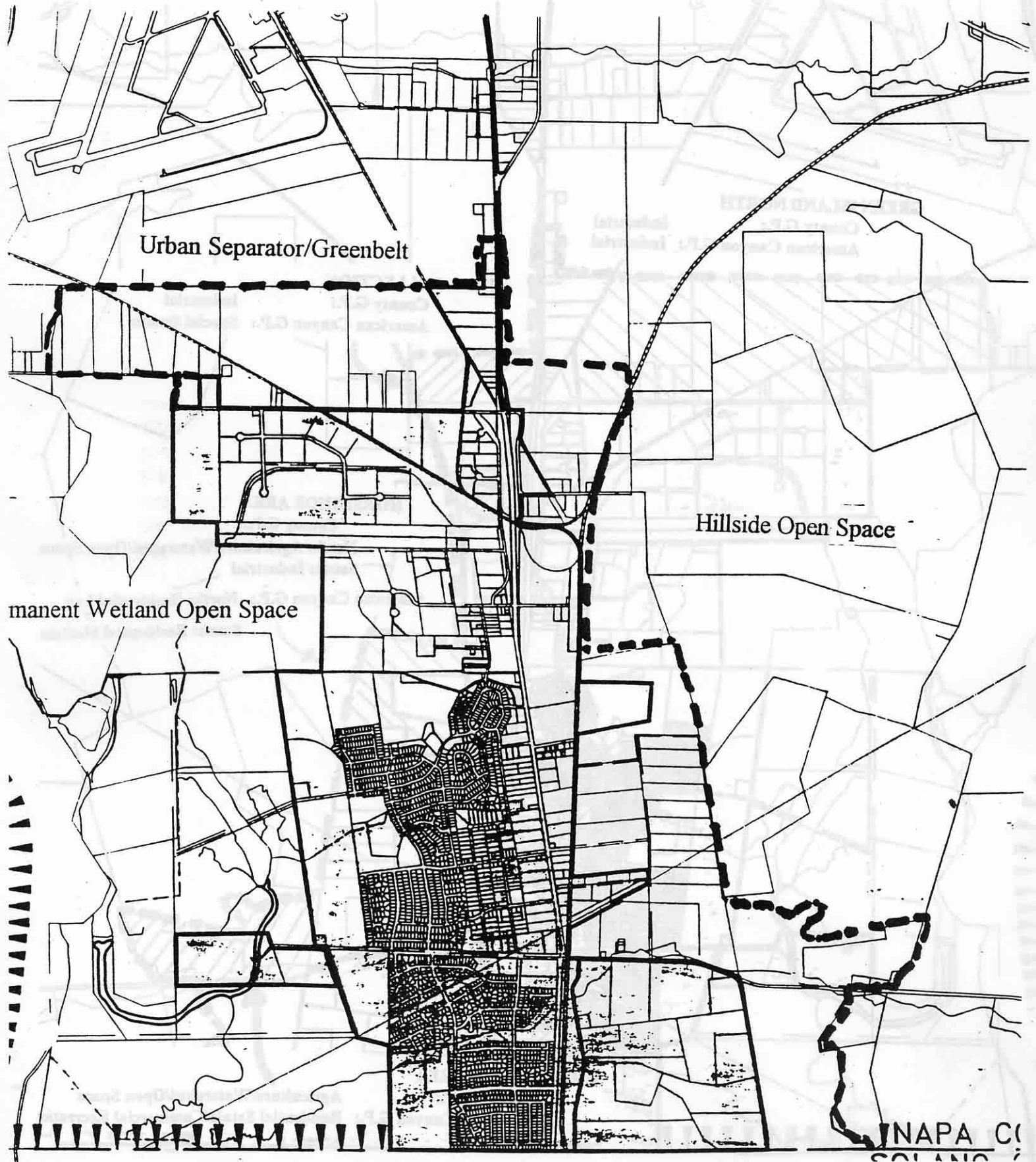


Exhibit 2

Existing and Proposed General Plan Designations

GREEN ISLAND NORTH

County G.P.:

American Canyon G.P.: Industrial

Industrial

HESS COLLECTION

County G.P.:

American Canyon G.P.: Industrial

Industrial

Special Studies

HORSESHOE AREA,

County G.P.:

North: Agriculture/Watershed/Open Space

South: Industrial

American Canyon G.P.: North: Residential Low

South: Residential Medium

GOLF COURSE AREA

County G.P.:

American Canyon G.P.: Agriculture/Watershed/Open Space

Residential Estate/Commercial Recreation

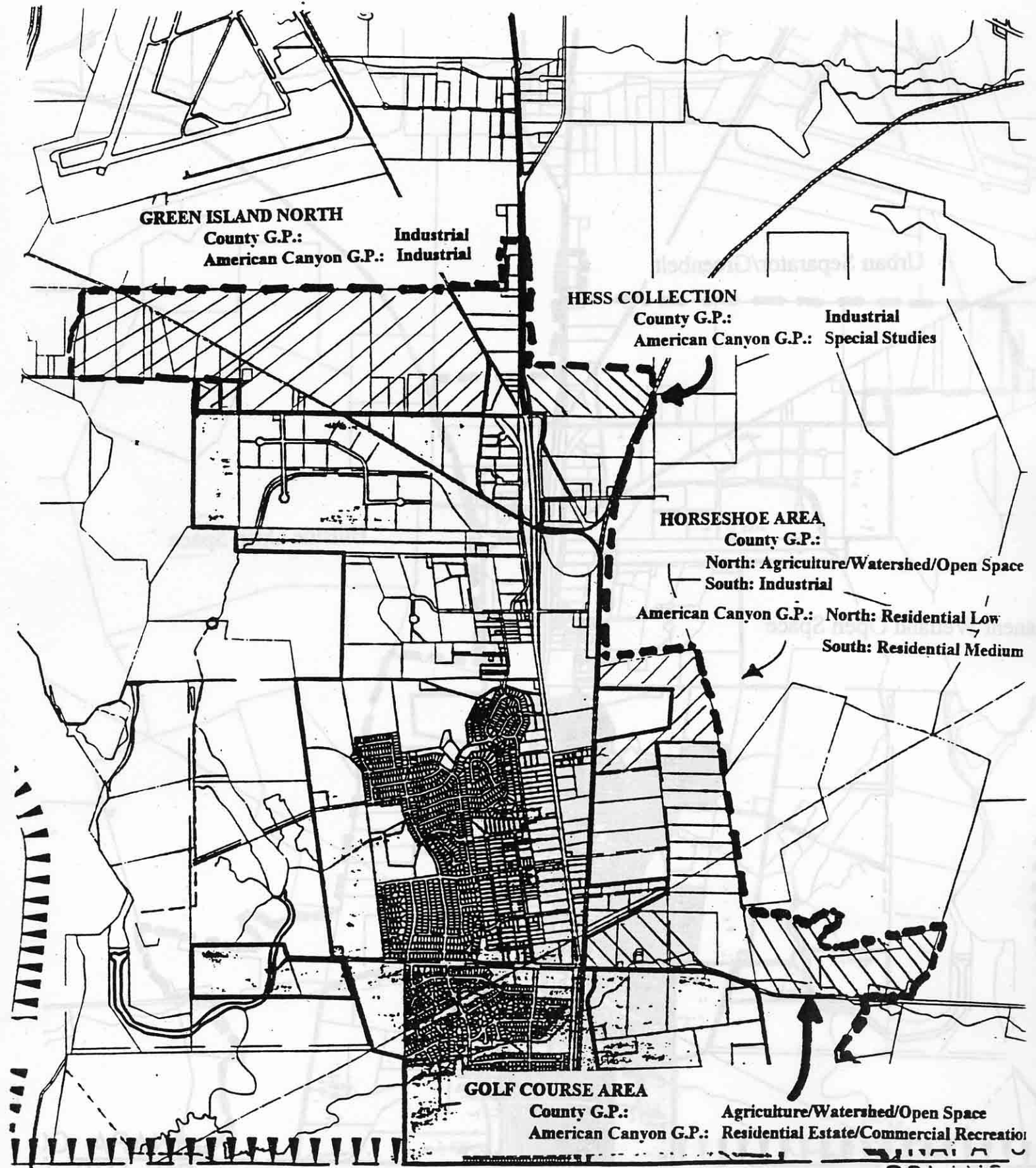
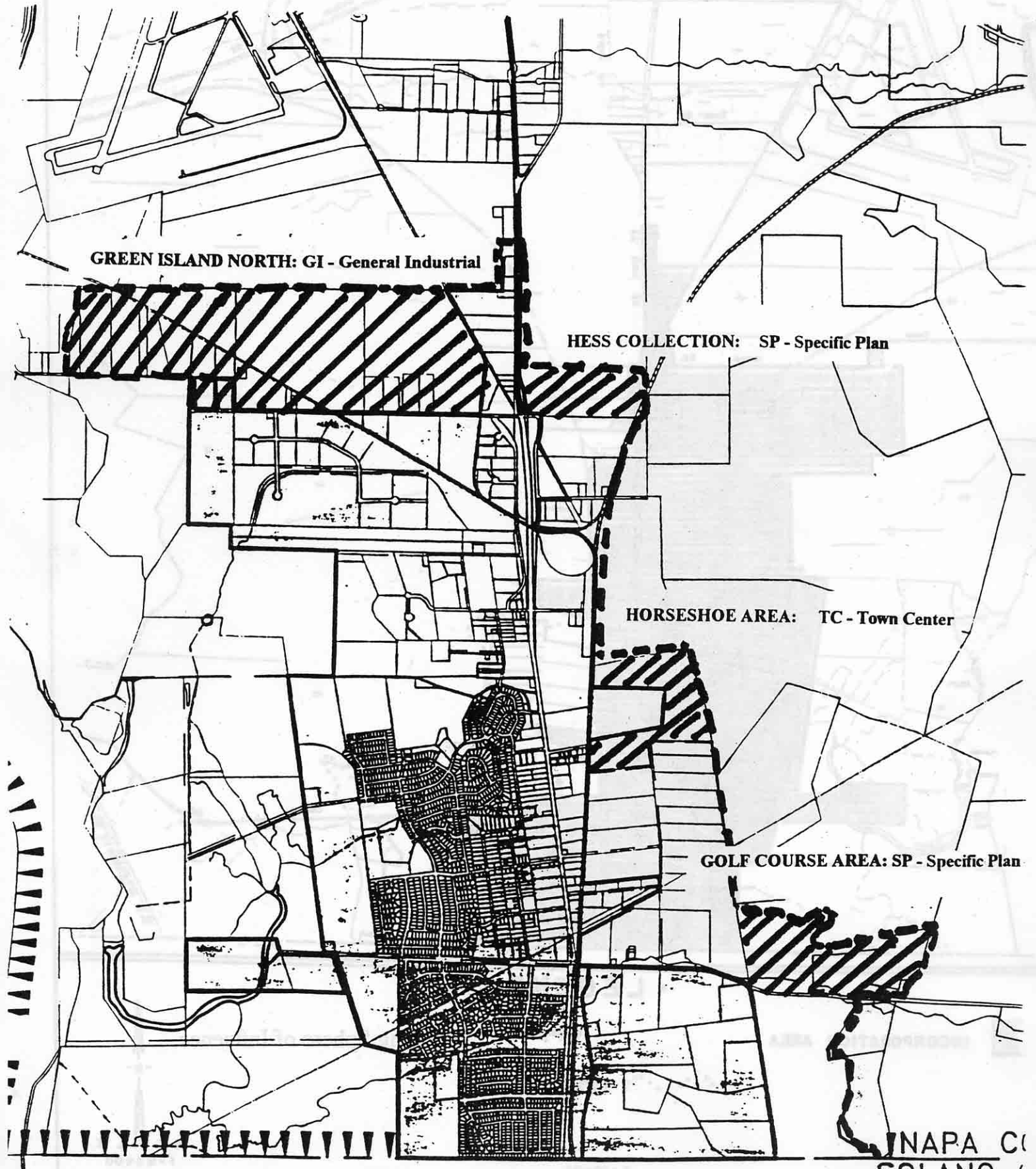
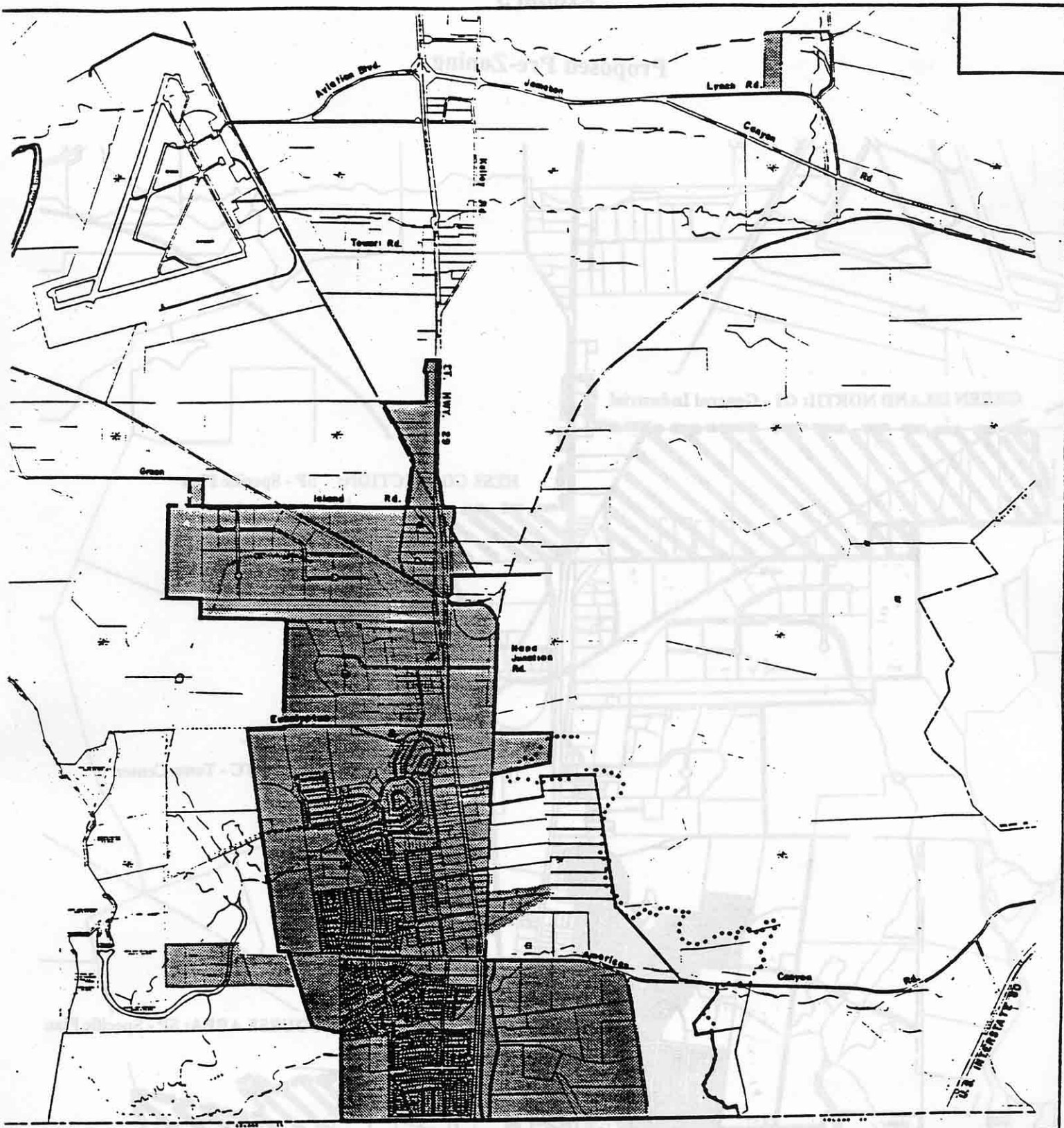


Exhibit 3

Proposed Pre-Zoning





• LEGEND •



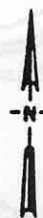
INCORPORATION AREA



Existing Sphere of Influence



15% SLOPE LINE



SCALE
1" = 3400'



American Canyon Golf Club Vineyard Potential

**prepared for
Signature Resorts**

**prepared by
Dr. Don Clark and Julie Nord**

August 20, 1997

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New Vineyard Development in Napa Valley, CA.

Vineyards in Napa Valley vary greatly in the development and annual farming costs. Likewise, they tend vary just as greatly in their income potential. The following is a general discussion of the development and early production of vineyards in Napa Valley, based on the current trends in the industry.

Over recent years, there has been a trend towards planting at closer vine spacings. Currently, the standard for Napa vineyards would be 7 or 8 feet between vinerows and 4 to 8 feet between the vines within each row. Also, most new plantings are cordon trained in a vertical trellis. Nearly all vineyards have drip irrigation and many have some form of frost protection. Each time a decision is made to go to a more narrow or improve the trellis, the costs/acre increase. This increase is primarily due to having more vines/acre, but there is also an increase in the cost/vine at the closer spacings. However, most vineyards have determined that this increase costs is overcome by the increased production and higher quality that can be obtained with these methods.

The following page represent a proposed vineyard budget for a hypothetical 40 acre vineyard in Napa in 1998. You can multiply these numbers by the appropriate factor to obtain an estimate of development costs for acreage greater than 40. It is important to remember when looking at these numbers, that a vineyard planted on hillsides will have higher costs. In general, you can see that the actual costs of materials and labor to plant a vineyard run \$12,700/acre over the first 3 years. Added to that are the costs of farming and overhead, such as management, insurance, and taxes. Over the first 3 years, a new vineyard will cost about \$19,500/acre. However in the third year there should be a small crop to harvest which reduces the net cost by the end of year 3 to \$16,155/acre. The does not include the costs of borrowing money or any interest which may have accumulated.

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properties in the area have soil problems such as high salts or high boron. Water availability is also an issue. As a result, land prices for agricultural properties are between \$7,000 and \$12,000 for flat properties with little risk of salt contamination.

At least one large grape grower planted vineyards in the area several years ago, with good success. As land prices in the valley became more expensive and grape prices got higher, we are now seeing a number of new developments in the area. A group of independent growers planted 140 acres on Green Island Road last year and two large premium wineries have also begun development of substantial acreage in American Canyon this year. Other projects and expansions are rumored to be in the works. As these come into production, they should improve the attractiveness of the area for further development increase land values correspondingly.

There are two major methods for a non-farmer to have vineyards on their property. First, is to hire an outside management company. There are several businesses, which specialize in managing vineyards for property owners. They can perform complete management, where the owner has little input into the operation, or be hired for specific jobs such as vineyard development or pruning or harvesting. In the later case, the vineyard owner is responsible for much more of the day to day decision making. The costs for full charge management service runs from about \$250/acre to \$700/acre. Fees are usually slightly higher during the early development years, because of the greater input demanded of the manager. These companies bill the per acre management charge and all expenses. The owner gets all of the grape income, while this has the potential for greater return, the risk associated with farming are carried by the owner.

Another option is to lease the plantable property to a grower or winery. In the case of a lease, the owner has little or no input into the operations, but has a steady income from the lease. The lessee gets all of the grape income, in exchange for the lease payment. Vineyard leases generally run for a term of 25-30 years. During the first three (3) years of a vineyard planting the vines are not producing, therefore, lease payments are usually greatly reduced. It is generally year 4 or 5 before the vines are producing a full crop. Once the vines are in full production, a good lease return would be 6-8% of the value of the land. This would be based on agricultural value, not any added value for

Farming costs for a vineyard in production run about \$2,000/acre. The following is a summary table from the MKF Vineyard Cost Study (Motto, Kryla & Fisher, 1994). It provides a good summary of what expenses can be expected. A planting done in non-rectangular blocks and small sized blocks will have higher operating expenses than land farmed in one continuous block.

8' X 6'

Vertical - YRS

	Non-mach. Hours	Tractor Hours	Other Equip. Hours	Cost Per Acre				Total
				Labor	Equip. Costs	Materials	Utilities & Other	
FARMING:								
Pruning	40.00	0.00	0.00	\$ 448	\$ 0	\$ 0	\$ 0	\$ 448
Hand Vine Care	40.00	0.00	0.00	448	0	0	0	448
Chop Brush	0.00	2.00	2.00	28	41	0	0	69
Winter Weed Control	0.00	2.00	2.00	28	34	60	0	122
Summer Weed Control	0.00	2.00	2.00	28	34	11	0	73
Hoe Plowing	0.00	0.00	0.00	0	0	0	0	0
Cultivation	0.00	3.00	3.00	42	56	0	0	98
Frost Protection	1.50	0.00	0.00	17	0	0	20	37
Irrigation	8.00	0.00	0.00	90	0	0	28	118
Fertilizer	3.00	0.00	0.00	34	0	75	0	109
Sulphuring	0.00	6.00	6.00	84	108	19	0	211
Other Pest Control	0.00	6.00	6.00	84	116	35	0	235
TOTAL				\$ 1,331	\$ 389	\$ 200	\$ 48	\$ 1,968

Land prices in Napa Valley are very high. Good vineyard land in the heart of the valley will sell for \$30,000/acre or more. If it is planted to a producing vineyard the price can be twice that of bare land. We know of several properties sold in the \$30,000-40,000/acre range that had vineyards on them that needed immediate replacement.

Young producing vineyards that had been planted to good varieties have recently sold for \$50,000-\$60,000 per acre. These are for larger parcels. If the parcel is small enough for a home site (1-15 acres) the price can be upwards of \$100,000/acre with or without a vineyard.

The American Canyon region has not received much attention from grape growers. There are a number of reasons for that. First, some of the property is priced very high because of its potential industrial and/or residential use. Secondly, some

homesites or future development. If we assume land values of \$12,000 to \$15,000/acre in your area, this gives a desired lease return of \$750 to \$1,200/acre.

Another way to look at lease incomes would be based on expected gross income from the vineyard. Visual inspection of some of the vineyards surrounding your property indicates their production to be 4 to 6 tons/acre. With close spacing and careful management we feel comfortable in budgeting based on production of 4 tons/acre. This is a very conservative estimate and the vineyard should in fact produce greater than 6. This property should produce some high quality/high value grapes. Four tons at \$1,800/ton results in a gross income of \$7,200/acre. While production was assumed to be 4 tons/acre, it is important to remember that it will fluctuate. There may be years of 2.5 tons and years of 9 tons and, unfortunately, the high production years may not coincide with years of high prices. However, at \$7,200/acre gross, a lease income of 15-18% of gross would be \$1,080 to \$1,296. This is approximately equal to the 6-8% of land value. Therefore, from either a land value or gross income approach, you can see how to approach an average return of \$1,000 to \$1,200/acre.

There are a number of different ways to break out the lease payments. For example, there are flat per acre fees, base fees plus a percentage of gross, or straight percentage of gross. There can be some tax advantages for having your income fluctuate with the farmer's, you may want to investigate this further before reaching a decision. The table below presents some of the income returns you might expect from various lease payment options. The grape prices used are based on some in-house projections for Chardonnay. The trends in price rise and fall are more important than the actual dollar amount.

Scenario	Terms
1	\$1,000/year base
2	\$600/year base + 7% of gross
3	\$700/year base + \$100/ton produced
4	16% of gross income

Any of the payment scenarios (1,2, or 3) that involve a base price should also include a mechanism to keep up with inflation. This inflation index can be linked to any of a variety of measures, such as, Consumer's Price Index, Napa Valley Grape Prices, Winery Bottle Prices, etc. We can discuss these in detail later, as it will depend in part on who the lessee is. The idea of a flat rate will be more difficult to get, we have not seen these commonly in Napa Valley leases. However, it is common to use one of the other formulas and still have some minimum guaranteed income.

Projected Lease Income Under Various Lease Scenarios

Year	Tons	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Projected Grape Price
1997	0	\$300	\$300	\$300	\$300	\$1,832
1998	0	\$300	\$300	\$300	\$300	\$1,893
1999	1	\$300	\$300	\$300	\$300	\$1,781
2000	3.5	\$1,000	\$954	\$1,050	\$946	\$1,689
2001	5	\$1,000	\$1,072	\$1,200	\$1,258	\$1,573
2002	2.5	\$1,000	\$842	\$950	\$646	\$1,616
2003	4	\$1,000	\$1,062	\$1,100	\$1,231	\$1,923

These figures represent what could be expect on a traditional vineyard lease situation. A lease/management agreement made in conjunction with any other form of development could impact the potential for return. If the requirements of the development altered or interfered with standard vineyard procedures, the growers costs would likely increase and thus their willingness and ability to pay premium prices for the land

Vineyard Review of American Canyon Golf Course

This report presents the results of a reconnaissance of the American Canyon property in Napa County CA. The property is located Northeast of the intersection of American Canyon Road and Flösdén Road. We understand the property is to be developed as a resort location and golf course. The purpose of our visit was to assess the feasibility of planting the property to vineyards.

A field evaluation was conducted on August 7, 1997, soil work was conducted on August 13, 1997. The property is located near several other vineyards, at least one of which has been in production for a number of years. The property is currently used for cattle grazing.

In addition to our field visit, we reviewed a number of geotechnical references from the area, these references covers expected soil types and landslip/landslide risk potential.



Site Conditions

The Southern portion of the property is relatively flat, with American Canyon River running East-West across the property. Given the erosion present and the surrounding topography, this drainage appears to carry significant seasonal runoff. This river is a blue line creek on USGS topomaps and will require permit from Fish and Game and/or Army Corps of Engineers to alter the creek. It will be important to look into where this water drains to and investigate ways to control erosion along the banks.

Slopes varied considerably over the site. Slopes ranged from essentially flat on the Southern portion to greater than 25% on the Northern end. In Napa County, any area over 5% slope will require a erosion control plan and there are no vineyard plantings on lands greater than 30% slope. The costs of planting vineyards with erosion control are increased substantially over flat land farming. Vineyard costs increase by \$2,000-3,000/acre in steeper areas due to the higher expense of development.

The State of California has specifically determined this general area to be a high landslide area risk, and has prepared maps specifically addressing landslips which have occurred in this area. As can be seen on the following map, most of the property is given a landslide hazard of 3, on a 1-4 scale, on the Landslide Hazards Identification Map. A hazard of 3 is considered "Generally Susceptible" to landslides, with 1 being slight/no hazard. According to the map, "slopes within this area are at or near their stability limits due to a combination of weaker materials and steeper slopes. Although most slopes within area 3 do not currently contain landslide deposits, they can be expected to fail, locally, when modified."

156 acres of the property is designated as a hazard of 4 because major slips

have already occurred on these slopes. These areas cannot be planted due to the landslide problems. Area 4 is "characterized by steep slopes and includes most landslides...Slopes within Area 4 should be considered naturally unstable, subject to failure even in the absence of activities of man.

The second map shows known landslides and slips in the area. The area designated as landslide hazard 4 has had numerous large slips in the recent past. Visually we could identify areas of slippage on the steeper slopes at the North end of the property. The picture below shows some of the slips which have already occurred in this area.

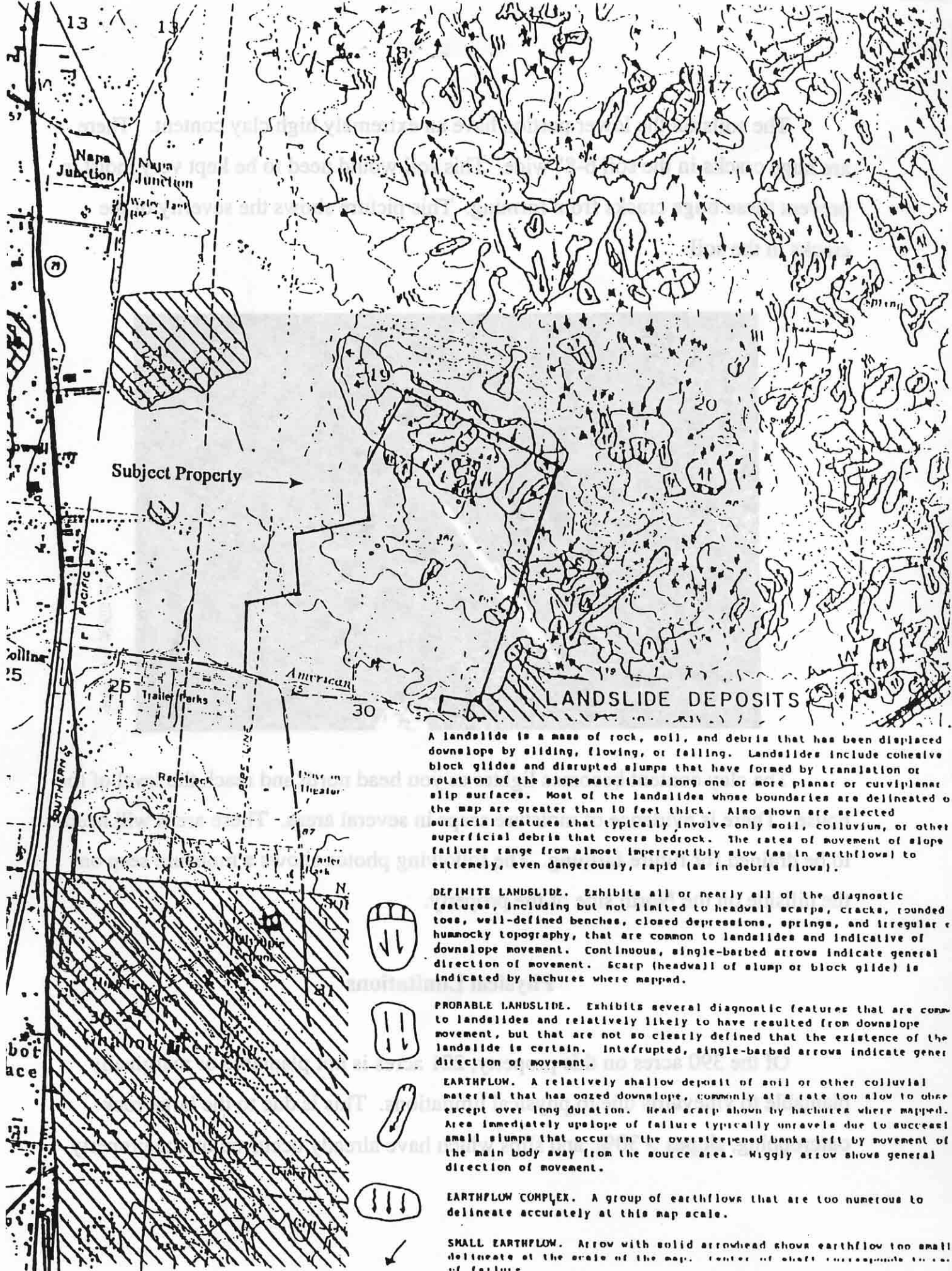


Geology and Soils

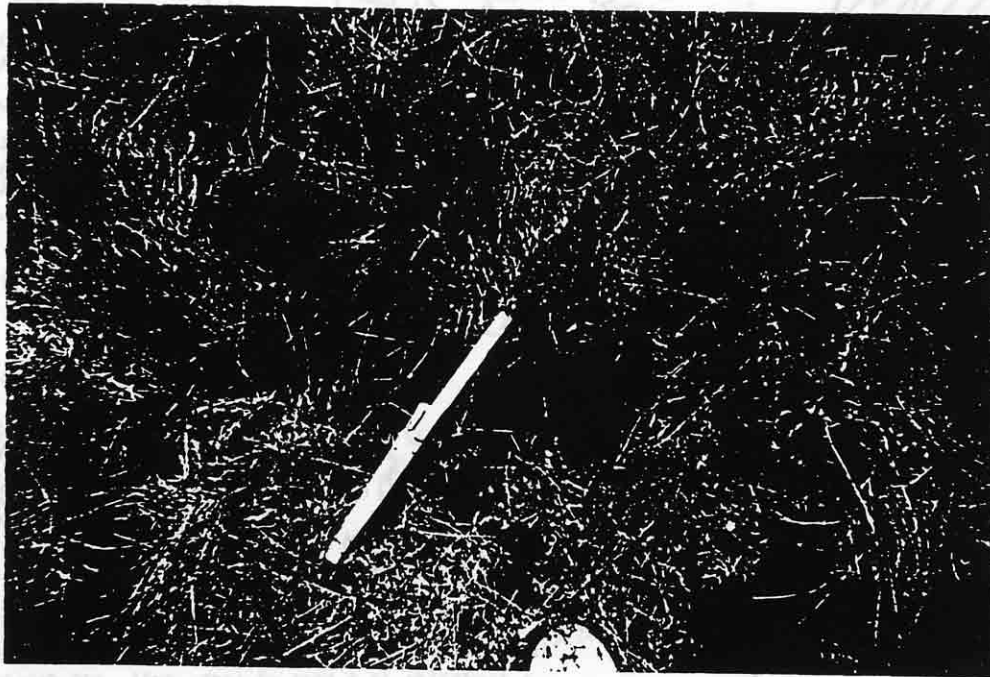
The Napa County Soil Survey shows 2 major soil types on the property.

They are: Fagan Clay Loams at 5-15% slopes and 15-30% slopes; and Haire Clay Loams in the lower areas. The Soil Survey is a good place to start, but is often not





The soils on the lower portion have an extremely high clay content. There are huge cracks in the soil 6-8" wide. This soil would need to be kept very moist to prevent these huge cracks from forming. This picture shows the severity of the cracks in the soil.



The clay content becomes lighter as you head north and reach the level of the house. There is evidence of moisture seeps in several areas. These areas will need to be drained for future farming. The following photos shows a moisture seep on the hillside on the North side of the property.

Physical Limitations

Of the 390 acres on this property, 221 acres is not plantable or marginally plantable to vineyards due to physical limitations. This is due to the large rock outcropping, slopes $> 30\%$, and slips which have already occurred on the property.

Most of this property is located in landslide hazard zone 4. However, scattered in this area are some areas of more level ground. These could be planted into small odd-shaped blocks. This planting approach increases both the development and farming costs. In addition, there is a continuing risk of slips and slides which could destroy the planting. This area totals 45-50 acres depending on how aggressively one planted.

Chemical Analysis

At this site the limiting factor for vineyards is the high boron content in the soil. Grapevines are very sensitive to boron. Any boron above 3 ppm is considered unplantable for grapes. 1-2 ppm can lower production 10-15%, while 2-3 ppm can lower production up to 50%. Soil pits 1, 2, 3, 4 and 11 all had boron contents too high for vineyard production. The boron accumulation appears correlated with the lower, poorly drained areas. It appears any land located below the 122' on the topographic map has boron levels too high to be planted. This is approximately 65 acres.

In some locations, boron levels can be leached in the soil to acceptable levels. This can be done with gypsum application and water leaching. This will be very difficult, if not impossible at this site due to the extremely high clay content, which causes poor water infiltration into the soil.

The rest of the property has no limiting factor for vineyard production. As with most vineyard sites, soil amendments will need to be added for optimum growth. The elements which are low at this site are phosphorous, potassium, zinc and calcium. These can easily be added as preplant amendments. On the higher elevations, the soil becomes very thin, less than 1 foot in spots. However, since the

rock beneath is already penetrated by grass roots, the vines will be able to grow into it. Production will be lower in these areas, but it is still suitable for vineyard production.

The soil amendments to be added vary by soil type. Refer to soil series map to determine the locations of soil type.

Fagan Series

1. Apply 3 tons/acre gypsum in the fall before planting.
2. Apply 2500 lb/acre potash in the fall before planting.
3. Apply 40 lb/acre zinc sulfate in the fall before planting.
4. Rip and disk the soil.
5. Broadcast 150 lb/acre concentrated super phosphate in the spring of planting.

Diablo Series

1. Apply 10 tons/acre gypsum in the fall before planting.
2. Apply 2500 lb/acre potash in the fall before planting.
3. Apply 40 lb/acre zinc sulfate in the fall before planting.
4. Rip and disk the soil.
5. Broadcast 150 lb/acre concentrated super phosphate in the spring of planting.

Millsholm Series

1. Apply 4 tons/acre gypsum in the fall before planting.
2. Apply 1700 lb/acre potash in the fall before planting.
3. Apply 40 lb/acre zinc sulfate in the fall before planting.
4. Rip and disk the soil.
5. Broadcast 200 lb/acre concentrated super phosphate in the spring of planting.

Clear Lake Series

Currently, this soil type is unplantable due to high boron. Gypsum and water can be used to leach the boron through the soil. Due to the heavy clay content, this could take more than 10 years, if ever, to remediate the soil to acceptable boron levels. Apply 10 tons/acre gypsum and wait. Retest for boron levels in 5 years.

Water Issues

Water is often the limiting factor to vineyard growth in this area. Many wells in the surrounding area have high boron and/or salt content. This can occur on wells in low areas, as well as those located on higher slopes. The well on the site should be tested for irrigation suitability.

Recycled water from American Canyon is a potential source of water. Water which has been tertiary treated works very well for vineyard irrigation water. The only concern we have is the potential salt content of the water. Some of the industrial users in American Canyon have wastewater with very high salt contents. In Sonoma County, the vineyards who used recycled water required Sonoma Sanitation to not accept water from companies which were dumping a lot of salt into the water. Some of these same companies are now located in American Canyon. It may be possible to ask the City of American Canyon to not include wastewater from this area in its recycled water plan.

Another potential source for water is the raw water line which runs from Napa to Vallejo. It runs very close to this property. Many of the vineyards in the area have access to this water, and find it economical to use. This water in combination with recycled water would ensure quality water on this property.

Summary

Due to physical and chemical limitations, approximately one half of the property is not plantable due to boron, landslips, slopes greater than 30%, and rock outcroppings. These areas are delineated on the attached map. There are approximately 170 acres we consider plantable with vineyard potential. Even in these plantable areas, the costs of vineyards will be higher on this property than others with less slope and more soil. As a result, the potential sale or lease for vineyard will be somewhat lower than that of some nearby properties. Several new vineyard plantings are going in the American Canyon region. As these grapes come into production it will help the region develop a reputation for producing quality grapes. Our knowledge of the area indicates current vineyard land prices of \$8,000-\$12,000/acre. This is considerably lower than land prices in the rest of Napa County, and the region will not likely ever equal the value of property in the heart of the valley, but there is still room for price growth. The cost of winegrapes is high and with considerable new planting in the area, we would expect this property's vineyard value to increase. However, the unplantable portions have no value to a potential vineyard buyer or lessee.

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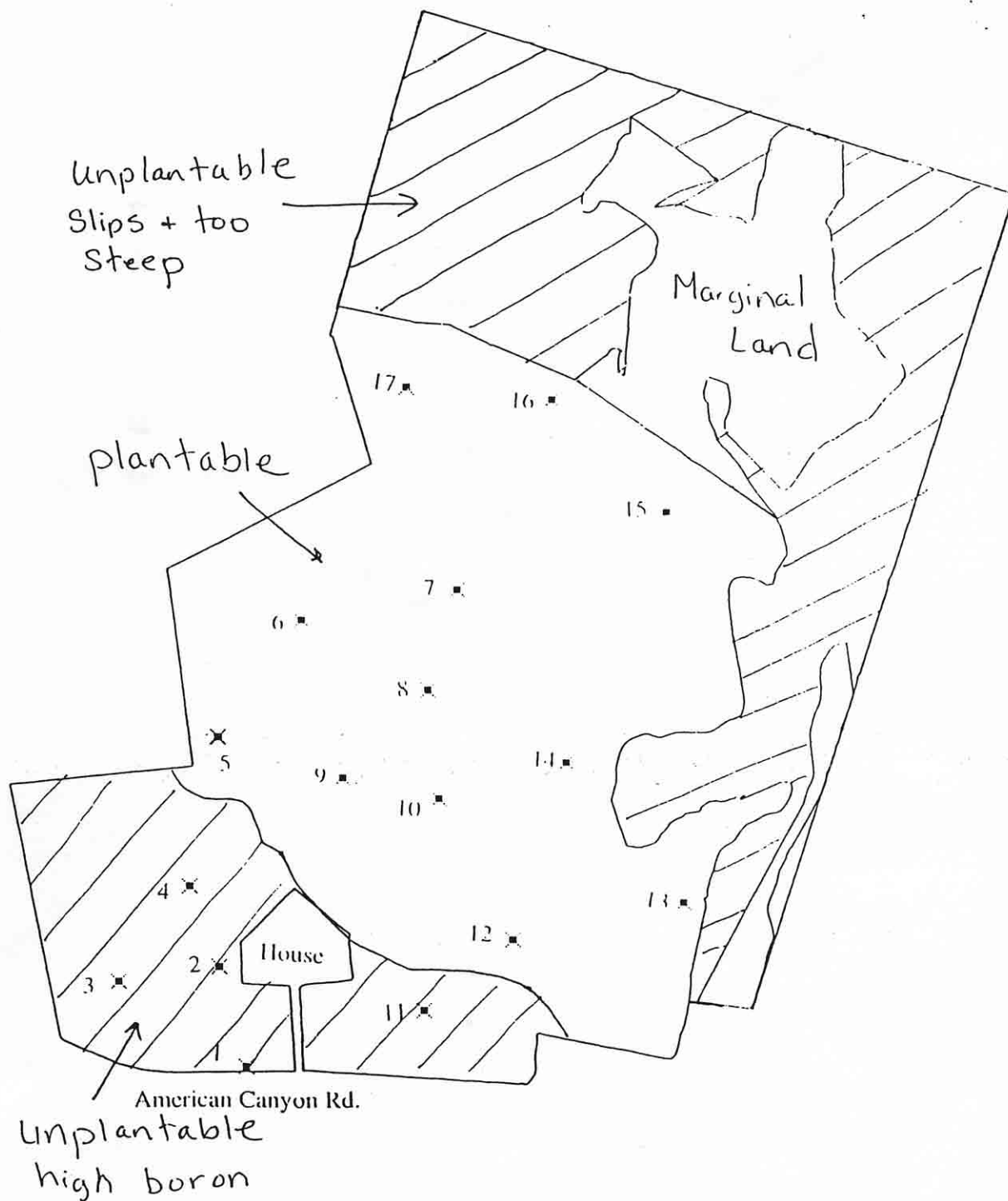
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Signature Resorts: American Canyon Property

United States State Plane 1983
California Zone 2 0402
NAD83 (Conus)

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Scale 1:10000



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8/19/1997

Pathfinder Office™

Trimble

LAFCO of Napa County
1804 Soscol Ave.
Napa Ca. 94559

July 22, 2002

LAFCO Announcement regarding LAFCO'S Comprehensive
Study of American Canyon

Two petitions are now on file with LAFCO. These petitions, signed and approved by the Majority of the property owners bordering the area east of highway 29 and Paoli Loop in southern Napa county north of the city of American Canyon. The first petition requested exemption from the city during its formation. The second requested non-approval of an annexation by the city of Am. Can. for the said area of Watson Lane. Both Petitions were accepted and approved by LAFCO.

Services now provided by Am. Can. were those in affect prior to the now formed city. Except for a fire district which does not apply to all concerned. The other two pre-existing services are water and garbage. All sewer systems are county approved septic systems.

Most Watson Lane sites are one acre or more with majority more. They contain residences, business property, live-stock, agriculture, vineyards and open space.

Comments:

- a.) Local residence are quite satisfied with Napa county service and see no need for yet another layer of government, Fees or taxes.
- b.) The present city water service leaves much to be desired by some of the people especially those at the end of the line that must endure low pressure and water that must be filtered by filters provided by the city of Am. Can.
- c.) With the rapid expansion of the Green Island Road industrial area west of Watson Lane the truck traffic alone is counted in "TRUCKS BY THE MINUTE". Paoli Loop is pocked to destruction with invisible maintenance performed.
- d.) Traffic added by nearly un-controlled housing tracts plus Green Island and the airport area create a most unacceptable situation that does not soon have resolution in sight if ever?
- e.) It appears by simple deduction and tabloid information that the Am. Can. city government cannot fully cope with the massive growth it is allowing and further encouraging more.

As quoted in LAFCO'S announcement, the next comprehensive review will not be till 2007. It is strongly suggested that the present sphere of influence (SOI) be reviewed at this time to determine if the city might benefit with a reduction of the present SOI to aid them in their most trying of times. The 2007 time period would perhaps allow a retrofit position from a down size amendment consideration undertaken now.

Thank You

JOE CLERICI

